

Water 2017 - ŞEKERBANK T.A.Ş.

Module: Introduction

Page: W0. Introduction

W0.1

Introduction

Please give a general description and introduction to your organization

Şekerbank T.A.S. was founded in 1953 as the "Sugar Beet Cooperative Bank" in Eskişehir, Turkey. The founding mission of the bank was to fund the needs of sugar beet producers, farmers and the sugar industry in order to finance agriculture, rural development and local production. Today, Şekerbank has a well-penetrated branch network and broad geographical coverage with its 63 years of experience. With its Community Banking mission, spanning from village to city, Şekerbank is one of the leading banks to service the agriculture sector, micro, small and medium enterprises (MSMEs) and to support initiatives and production. Throughout its 63-year journey Şekerbank has carried out its activities under the framework of sustainable development and has been committed to creating economic, social, and cultural value and improving local and rural development especially in Anatolian region in Turkey.

Positioning itself as 'Turkey's key bank' in the international scene through niche and local banking services, Şekerbank pursues its mission of supporting producers and offering broad-based banking services to segments lacking sufficient access to financial services, especially unbanked segments under the scope of financial inclusion. Within its sustainable development strategy, in 2009, Şekerbank developed a leading product in Turkey called EKOkredi (EKOkloan) for the financing of energy efficiency projects (waste management, renewable energy projects, modern irrigation etc.) by individuals, SMEs, industrial and agricultural enterprises under favourable conditions. Through EKOkredi the Bank has introduced over 90 thousand people to energy savings thus far. EKOkredi, selected one of the best sustainability practices to represent Turkey at Rio+20, continues to be one of the Bank's key business initiative and a strategic standpoint for raising energy awareness and efficiency at national levels. Through EKOkredi, Şekerbank provides foreign resources obtained from international financial institutions for the financing of energy efficiency projects and passes these resources on to its broad-based customer profile.

Şekerbank, as part of its strategy to operate as a sustainable bank, has supported international initiatives such as COP 21, and signed the Caring for Climate platform and the Carbon Pricing Leadership Index initiative in Paris, as well as embraced the IFC (International Finance Cooperation) Social and Environmental Performance Standards. In addition to this, Şekerbank complies with the Social and Environmental Exclusion Risk of European Investment Bank and the EBRD (European Bank for Reconstruction and Development). In the scope of combating climate change, we signed the "Energy Efficiency in Buildings" charter on January 10, 2013, by invitation of the Turkish Business Council for Sustainable Development (TBCSD). We are committed to setting targets and policies to achieve energy efficiency improvements in our offices and to reduce our carbon emissions as a member of TBCSD, which is a branch of the World Business Council for Sustainable Development (WBCSD). In 2015, the Sustainable Development Department was established under the Strategy EVP, reflecting the strategic importance of sustainable development both in the Bank's history and in its vision of the future. The SDB department's main functions include incorporating and aligning the global Sustainable Development Goals into Bank projects, as well as analyzing Bank projects through the lens of the banks' sustainable development strategy. In addition, every member of our credit committees, from the branch-level to top-tier management, takes into consideration the responsibilities underlined by the Social and Environmental Management System Regulations (SEMS), which was recently updated by the Sustainable Development Banking Department.

Lastly, in August 2015, Şekerbank moved its HQs to a new building that was intentionally designed as more energy and resource efficient and has obtained its Energy Performance Certificate and its LEED Gold certificate within the reporting year.

W0.2

Reporting year

Please state the start and end date of the year for which you are reporting data

Period for which data is reported

Fri 01 Jan 2016 - Sat 31 Dec 2016

W0.3**Reporting boundary****Please indicate the category that describes the reporting boundary for companies, entities, or groups for which water-related impacts are reported**

Companies, entities or groups over which operational control is exercised

W0.4**Exclusions****Are there any geographies, facilities or types of water inputs/outputs within this boundary which are not included in your disclosure?**

No

Further Information

Please find 2016 annual report and 2015 sustainability report of Şekerbank in attached files.

Attachments[Şekerbank](#) [annual](#) [report](#) [2016.pdf](#)[Şekerbank_sustainabilityreport2015.pdf](#)**Module: Current State****Page: W1. Context****W1.1****Please rate the importance (current and future) of water quality and water quantity to the success of your organization**

Water quantity	quality and	Direct use importance rating	Indirect use importance rating	Please explain
Sufficient amounts of good quality freshwater available for use		Vital for operations	Neutral	As an organization active in the banking industry, our operations are not water intensive. However, we are active all over Turkey through number of branches, regional headquarters and service buildings. Therefore, access to freshwater for employee consumption, sanitation and landscaping is important for our operations. In addition to this, some of our clients in our loan portfolio are exposed to water risks. Change in the quality and quantity of water may affect our customers' businesses which would in return have certain impacts on our business.
Sufficient amounts of recycled, brackish and/or produced water available for use		Not important at all	Neutral	We use municipal water sources and a small amount from bottled water for drinking. Recycled water is not currently necessary to run operations in the Bank. However, potential projects and feasibility studies to use recycled water for sanitation use (ie. toilet water) can be examined in the future.

W1.2**For your total operations, please detail which of the following water aspects are regularly measured and monitored and provide an explanation as to why or why not**

Water aspect	% of sites/facilities/operations	Please explain
Water withdrawals- total volumes	76-100	We obtain all our water needs from municipal networks. Therefore, we are able to closely monitor our direct water withdrawals.
Water withdrawals- volume by sources	76-100	We obtain our water needs from municipal networks. Also following an in-depth study provided by our consulting firm last year we are more knowledgeable about which water sources / river basins our facilities obtain water from.
Water discharges- total volumes	76-100	Water use is primarily linked to employees, guests who come to the branches, and for cleaning activities. There is no productive process within the Bank that requires water consumption (for example, products or crops). As such, water withdrawal is estimated to be the same as water discharge.
Water discharges- volume by destination	76-100	All water discharges from the Bank's facilities are sent to municipal treatment plants. Although it is not currently feasible for us to know specifically which WTPs the Bank's water discharge is sent to, we are aware that across Turkey standards for water discharge to be treated through primary, secondary, and tertiary treatments are applied. To our knowledge, the Bank does not produce waste water that would require heavy treatment (tertiary), rather our waste water is similar to domestic waste water, thus requiring lighter treatment per volume at the WTP.
Water discharges- volume by treatment method	76-100	All water discharges from the Bank's facilities are sent to municipal treatment plants. Although it is not feasible for us to know specifically which WTPs the Bank's water discharge is sent to, we are aware that across Turkey standards for water discharge to be treated through primary, secondary, and tertiary treatments are applied. To our knowledge, the Bank does not produce waste water that would require heavy treatment (tertiary), rather our waste water is similar to domestic waste water, thus requiring lighter treatment per volume at the WTP.
Water discharge quality data- quality by standard effluent parameters	76-100	All water discharges from the Bank's facilities are sent to municipal treatment plants. Although it is not feasible for us to know specifically which WTPs the Bank's water discharge is sent to, we are aware that across Turkey standards for water discharge to be treated through primary, secondary, and tertiary treatments are applied. To our knowledge, the Bank does not produce waste water that would require heavy treatment (tertiary), rather our waste water is similar to domestic waste water, thus requiring lighter treatment per volume at the WTP.
Water consumption- total volume	76-100	We obtain all our water and drinking water needs from municipal networks and bottled water suppliers. Therefore, we are able to closely monitor our direct water withdrawals.
Facilities providing fully-functioning WASH services for all workers	76-100	Şekerbank provides adequate clean water for drinking and cleaning purposes, as well as adequate sanitation facilities for its employees. In order to meet certain hygiene quality standards, all Şekerbank facilities follow an in-house standard. In addition to this, in order to ensure the quality and quantity of fresh water, Şekerbank began a project in 2014 to deploy fresh water reservoirs in all of its facilities for daily use of its employees in the case of a lack of water from local municipal networks.

W1.2a

Water withdrawals: for the reporting year, please provide total water withdrawal data by source, across your operations

Source	Quantity (megaliters/year)	How does total water withdrawals for this source compare to the last reporting year?	Comment
Fresh surface water	0	Not applicable	N/A
Brackish surface water/seawater	0	Not applicable	N/A
Rainwater	0	Not applicable	N/A
Groundwater - renewable	0	Not applicable	N/A

Source	Quantity (megaliters/year)	How does total water withdrawals for this source compare to the last reporting year?	Comment
Groundwater - non-renewable	0	Not applicable	N/A
Produced/process water	0	Not applicable	N/A
Municipal supply	50.03	Lower	We are supplying all our water needs from municipal sources as our facilities consist of office buildings.
Wastewater from another organization	0	Not applicable	N/A
Total	50.03	Lower	We are supplying all our water needs from municipal sources as our facilities consist of office buildings.

W1.2b

Water discharges: for the reporting year, please provide total water discharge data by destination, across your operations

Destination	Quantity (megaliters/year)	How does total water discharged to this destination compare to the last reporting year?	Comment
Fresh surface water	0	Not applicable	No fresh surface water discharge
Brackish surface water/seawater	0	Not applicable	No brackish surface water/sea water discharge
Groundwater	0	Not applicable	No groundwater discharge
Municipal/industrial wastewater treatment plant	50.03	Lower	The amount of water discharge is estimated to be the same as withdrawal, as explained in W1.2. Water discharge is channeled through the municipality's network and treated in WTPs.
Wastewater for another organization	0	Not applicable	No wastewater for another organization.
Total	50.03	Lower	The amount of water discharge is estimated to be the same as withdrawal, as explained in W1.2. Water discharge is channeled through the municipality's network and treated in WTPs.

W1.2c

Water consumption: for the reporting year, please provide total water consumption data, across your operations

Consumption (megaliters/year)	How does this consumption figure compare to the last reporting year?	Comment
50.03	Lower	We have officially started tracking our water consumption as of 2014. In addition, in 2015, we updated our standards for data collection through investments made in IT infrastructure. Beginning in 2016 the database is allowed branch operations managers to monthly report on municipal and drinking water usage. As part of our efforts to reduce water consumption and raise awareness, the Sustainable Development Banking department led several trainings for employees on sustainability and water issues.

W1.3

Do you request your suppliers to report on their water use, risks and/or management?

No

W1.3b

Please choose the option that best explains why you do not request your suppliers to report on their water use, risks and/or management

Primary reason	Please explain
Important but not an immediate business priority	As a bank, our activities are not water intensive. Our main suppliers are service or office equipment providers therefore they also have insignificant water footprints. Hence why Şekerbank has not requested their suppliers to report on their water use up-to-date.

W1.4

Has your organization experienced any detrimental impacts related to water in the reporting year?

Yes

W1.4a

Please describe the detrimental impacts experienced by your organization related to water in the reporting year

Country	River basin	Impact driver	Impact	Description of impact	Length of impact	Overall financial impact	Response strategy	Description of response strategy
Turkey	Other: Yesilirmak basin; Antalya basin; Aras Basin, Susurluk basin, Kizilirmak basin; Sakarya basin; Marmara basin	Phys-Declining water quality Phys-Flooding Phys-Rationing of municipal water supply	Higher operating costs	7 of our branches located in 5 different river basins had negatively affected from flood in 2016. In addition to this, we purchase drinking water (water cooler bottles) for our facilities as it is not always possible to use water directly provided by the municipality.	Flood: 3 days for each location. Water Quality: Ongoing	Less than 1% of our operating costs	Develop flood emergency plans Infrastructure investment Infrastructure maintenance	In selection of new branch locations, we consider flood risk and try to select low flood risk locations. We also deploy "water alarms" in our branches in order to protect our branch's IT infrastructure and data storage equipment from any flood damage. We are also deploying check-valve systems to our branches' sewage connection points to prevent flood.

Further Information

Indirect water footprint calculations have been made with regards to 2016 performance in parallel to last year. Major water related items have been included in the calculations (energy, paper and cooler consumptions). We have significantly reduced our consumption of bottled water per employee in 2016 in order to lower environmental impact of employees' water consumption with the reduction of total packaging, plastic and waste.

Attachments

[W1.4a. Şekerbank Indirect Water Footprint 2016.xlsx](#)

Module: Risk Assessment

Page: W2. Procedures and Requirements

W2.1

Does your organization undertake a water-related risk assessment?

Water risks are assessed

W2.2

Please select the options that best describe your procedures with regard to assessing water risks

Risk procedure	assessment	Coverage	Scale	Please explain
Comprehensive company-wide assessment	risk	Direct operations and supply chain	All facilities and suppliers	We are assessing our direct risks related to water through different assessment methods such as observations, statistical methods, etc. through our Construction Department. We also assess customer portfolio risks with a mechanism to identify sustainability risks through the Social and Environmental Management System (SEMS), which is based on the analysis of environmental and social impacts. SEMS aims at mitigating the negative environmental and social impact of extended loans. The system provides feedback to project owners and hence contributes in raising awareness. We are one of the pioneering banks to implement such a system in Turkey. Every member of the bank's credit committees, from the branch-level to the top, takes into consideration the responsibilities underlined by the SEMS. With regard to suppliers, our Purchasing department aims to give priority to working with suppliers who are sustainable once quality and price evaluations are completed. However, as the topic of water risk and awareness is relatively new in Turkey, it is an issue that we have begun to follow more closely as of last year, and are open in the future to developing mechanisms and feedback tools to better understand our suppliers' water impact and risks.

W2.3

Please state how frequently you undertake water risk assessments, at what geographical scale and how far into the future you consider risks for each assessment

Frequency	Geographic scale	How far into the future are risks considered?	Comment
Six-monthly or more frequently	River basin	1 to 3 years	Our maintenance and construction departments make water risk assessments for physical risks on an ongoing basis. Whereas our relevant depts make risk assessments for customers on annual basis or more frequently. In 2105, risk assessments of facilities at river basin level were completed. We determined 17 facilities as exposed to water risks, assessments are being followed up by the Sustainable Development Banking.

W2.4

Have you evaluated how water risks could affect the success (viability, constraints) of your organization's growth strategy?

Yes, evaluated over the next 1 year

W2.4a

Please explain how your organization evaluated the effects of water risks on the success (viability, constraints) of your organization's growth strategy?

Our bank's direct risks related to water are limited and have low impact on our physical growth as a Bank. However, as a risk mitigation measure of our most significant water related risks, we try to find flood resistant locations during new branch location selection and deploy fresh water reservoirs for daily consumption in our branches. Though if a branch is located near a body of water like a stream, or marsh, water insulation in the building's basement level are constructed, and we avoid placing the Bank's IT systems on these floors of the building. On the other hand, Şekerbank is evaluating water related risks in its client portfolio as we are active in renewable energy, industrial and agricultural production sectors which carry certain level of water risks. We design our products in line with anticipated changes in the market including water related changes. As an example of this, we have introduced our product line called "Family Farming Banking" to the market. The aim of this product group is to finance efficiency investments in agriculture including water and energy efficient irrigation systems. Şekerbank funds 100% of modern irrigation systems in agriculture so that farmer families increase their productivity via sustain able farming.

W2.5

Please state the methods used to assess water risks

Method	Please explain how these methods are used in your risk assessment
Internal company knowledge	Şekerbank operates in Turkey and it has little activities outside of the country through its subsidiaries. We are trying to collect all the information that we can obtain to assess water risk across our direct operations and client portfolio, for example, at the operational level, last year we developed a comprehensive analysis of our branch network in relation to river basin water risk. With our clients we assess water risk through our Social and Environmental Management System (SEMS). We chose this method because it is specific to our Bank and related to our project methodology, for example, with our EKOLoan projects. At the operational level our aim is to increase internal knowledge that then can be used in strategic risk assessment and amelioration projects of facilities. In addition to this, we encourage and support NGOs to increase awareness and to make academic studies to contribute accumulation of knowledge in the country in this field.

W2.6

Which of the following contextual issues are always factored into your organization's water risk assessments?

Issues	Choose option	Please explain
Current water availability and quality parameters at a local level	Relevant, included	We are operating in a low water-intensive industry. However, water availability and quality is critical for the continuation and sustainability of our operations at the local level. In addition to this, we are exposed to certain risks through our financial products offered to customers in agricultural, industrial and energy sectors. In addition, we try to monitor these environmental risks through the Social and Environmental Management Systems manual (SEMS).
Current water regulatory frameworks and tariffs at a local level	Relevant, not yet included	We are operating in a low water-intensive industry. Therefore, changes in regulations and tariffs do not necessarily have a significant impact on our operations. However, we are exposed to certain risks through our financial products offered to agricultural, industry and energy sectors, so we especially follow regulations that can impact these loans and customers. Even though the numbers are few and far between, as part of our renewable energy loans extended to hydroelectric projects we will take into account any changes in related regulations.
Current stakeholder conflicts concerning water resources at a local level	Relevant, not yet included	Although we are operate in a low water-intensive industry we are exposed to certain risks through our financial products offered to agricultural, industrial and energy sectors. Thus, stakeholder and client feedback in relation to both loan products and financing needs, especially those of farmers and individuals when it comes to energy efficiency financing, which also includes water (like modern irrigation systems), are important for us when reaching out to clients and stakeholder groups in the best way possible.
Current implications of water on your key commodities/raw materials	Relevant, not yet included	While the Bank does not produce material goods that are water-intensive, as a bank with hundreds of branches across Turkey good quality and quantity of water that is also consistent is essential to our branch network. Currently, water quality and quantity levels are sufficient, and to deal with shortages we have employed water tanks across our branch network. However, it is an issue that we need to monitor as a significant part of our portfolio is made up of farmers who are directly impacted by water quality, quantity and consistency.
Current status of ecosystems and habitats at a local level	Not relevant, included	While monitoring ecosystems is not a direct part of our operations, as part of our efforts to be exemplary environmental stewards, we do assess and follow up on our customer's potential environmental risks under our Social and Environmental Systems Manual (SEMS). Since SEMS regulations are in line with IFC Performance Standarts, the assessment process for projects includes different criteria on possible ecosystem and habitat effects on local level.
Current river basin management plans	Relevant, not yet included	At the basic level, Şekerbank makes sure to open branches that are within the municipal network system so as to have access to water withdrawal and discharge locations. Since 2014 year we have begun to garner more information about our branches in relation water basins considered at risk and/or low risk. At this time, we are still collecting information in our third year and plan to keep track of trends, as we exposed to certain risks through our financial products offered to agricultural, industrial and

Issues	Choose option	Please explain
		energy sectors. After which we can consider plans for river basin management if necessary as any changes in river basin management plans may have impacts on our customers.
Current access to fully-functioning WASH services for all employees	Relevant, included	We continuously make assessments for WASH in line with our in house rules for hygiene at every Bank facility to ensure the health and safety of our employees. In addition to this, we try to evaluate the quantity and quality of water for our employees on a continuous basis.
Estimates of future changes in water availability at a local level	Relevant, included	Our construction and maintenance department follows water availability in each region where our facilities are located. If they experience or estimate to experience any water availability risk they take necessary measure including deployment of water reservoirs and water purification systems.
Estimates of future potential regulatory changes at a local level	Relevant, not yet included	As mentioned above, our construction and maintenance department follows water availability in each region where we are located. In addition to this based on last year's water risk assessment the Küçük Menderes river basin is considered a water risk area, around which many of our branches and agro-business customers are located. Thus in the future if feasible it can be possible to also follow potential regulatory changes at the local level as it can impact both Bank facilities and banking customers.
Estimates of future potential stakeholder conflicts at a local level	Relevant, not yet included	As mentioned above, the Küçük Menderes river basin is considered as a water risk area around which many of our branches and agro-business customers are located. However with increased water stress our current and clients and stakeholders can face potential conflicts. Though we do not have current projects in place, measures or products to mitigate this water risk can be developed if feasibility studies are done in the future. Thus, we will continue to have regular stakeholder engagements to gain feedback.
Estimates of future implications of water on your key commodities/raw materials	Not relevant, included	While the Bank does not produce material goods that are water-intensive, as a bank with hundreds of branches across Turkey good quality and quantity of water that is also consistent is essential to our branch network. However, it is an issue that we need to monitor as a significant part of our portfolio is made up of farmers who are directly impacted by water quality, quantity and consistency.
Estimates of future potential changes in the status of ecosystems and habitats at a local level	Not relevant, included	While monitoring ecosystems is not a direct part of our operations, as part of our efforts to be exemplary environmental stewards, we do assess and follow up on our customer's potential environmental risks under our Social and Environmental Systems Manual (SEMS). Since SEMS regulations are revised and became updated with IFC Performance Standards, the assessment process for projects includes different criteria on possible ecosystem and habitat effects on local level.
Scenario analysis of availability of sufficient quantity and quality of water relevant for your operations at a local level	Not relevant, explanation provided	We are operating in a less water-intensive industry. Therefore, we opted not make such an analysis for our own operations.
Scenario analysis of regulatory and/or tariff changes at a local level	Not relevant, explanation provided	We are operating in a less water-intensive industry. Therefore, we opted not make such an analysis for our own operations.
Scenario analysis of stakeholder conflicts concerning water resources at a local level	Not relevant, explanation provided	We are operating in a less water-intensive industry. Therefore, we opted not make such an analysis for our own operations.
Scenario analysis of implications of water on your key commodities/raw materials	Not relevant, explanation provided	We are operating in a less water-intensive industry. Therefore, we opted not make such an analysis for our own operations.

Issues	Choose option	Please explain
Scenario analysis of potential changes in the status of ecosystems and habitats at a local level	Not relevant, explanation provided	We are operating in a less water-intensive industry. Therefore, we opted not make such an analysis for our own operations.
Other		

W2.7

Which of the following stakeholders are always factored into your organization's water risk assessments?

Stakeholder	Choose option	Please explain
Customers	Relevant, included	We are exposed to certain water risks through our customers. We have financial products offered to customers active in agriculture, energy and industry. Water related risks may have negative or positive effects on these customers' businesses which in return may have effect on our business. For example water scarcity may negatively affect our loans to agricultural or renewable energy sectors in the short run. In the longer run, water scarcity may negatively affect some of our industrial clients through increased input costs or tighter regulations.
Employees	Relevant, included	We are responsible to provide water to our employees with enough quality and quantity for employee use, sanitation and cleaning purposes. Therefore, we always assess the water scarcity risk and try to manage as we have deployed small size water reservoirs in some of our self-managed buildings and branches across Turkey in different basins with different water risks. In addition to this, we supply bottled drinking water to most of our facilities due to low municipal water quality. Also, we held trainings for our employees regarding the efficient consumption of water in 2016.
Investors	Relevant, included	As a part of our general risk management policy which is also regulated by the banking authority, we share our risk evaluations with our investors annually. Although water risks are not classified under a separate title it can be considered as part of the risk evaluation process.
Local communities	Relevant, included	Our activities are not water intensive. However, we are following our customers' exposures through our risk assessment procedures.
NGOs	Relevant, included	NGOs are one of the determinant stakeholders while also increase the benefit of the efforts put forth for sustainable development. However, we try to cooperate with some NGOs to increase awareness. For example, we are an active member of "Association of Sustainable Development" (SKD) in Turkey. We try to support sustainable development of Turkey through increased awareness and supporting scientific studies on this topic. Şekerbank is an active member of "Sustainable Agriculture Committee" and "Sustainable Finance Committee" at SKD.
Other water users at a local level	Relevant, included	Our activities are not water intensive. However, we are following our customers' exposures through our risk assessment procedures.
Regulators	Relevant, included	Our activities are not water intensive. However, we are following our customers' exposures through our risk assessment procedures.
River basin management authorities	Relevant, included	Our activities are not water intensive. However, we are following our customers' exposures through our risk assessment procedures.
Statutory special interest groups at a local level	Not relevant, included	Local communities' reaction for changes in the water resources are considered in project finance assesments. It's a priority that the loan applicant company, should meet with the local communities to inform them on the planned project. Also there should be functioning complaint mechanism for locals. This issue is also monitored as a part of the credit assessments in the framework of the IFC standards in the context of SEMS.
Suppliers	Relevant, not yet included	With regard to suppliers, our Purchasing department, aims to give priority to working with suppliers who are sustainable once quality and price evaluations are completed. However, as the topic of water risk and awareness is relatively new in Turkey, it is an issue that we have begun to follow more closely as of last year, and are open in the future to developing mechanisms and feedback tools to better understand our suppliers' water impact and risks.

Stakeholder	Choose option	Please explain
Water utilities at a local level	Not relevant, explanation provided	Our activities are not water intensive.
Other		

Further Information

Module: Implications

Page: W3. Water Risks

W3.1

Is your organization exposed to water risks, either current and/or future, that could generate a substantive change in your business, operations, revenue or expenditure?

Yes, direct operations only

W3.2

Please provide details as to how your organization defines substantive change in your business, operations, revenue or expenditure from water risk

We assess our water risks from two different aspects: 1- Risks to our physical operations 2- Risks transferred to us through our customer portfolio. We think that the first group of risks is limited and manageable. However, second group of risks may have more important effects on our long-term business. Therefore, we try to follow and manage these risks through our "risk management" tools developed in-house. Water related risks may force us to change our product portfolio and customer profile to a certain extent to include new products to mitigate or adapt to water risks, such as our modern irrigation systems for farmers under EKO kredi which helps in increase water efficiency us for farmers. It is also important to note that Şekerbank is one of the leading privately owned domestic bank that is active in agriculture with its 11.6 % of total loan dedicated to agriculture which is highly sensitive to water risks.

W3.2a

Please provide the number of facilities* per river basin exposed to water risks that could generate a substantive change in your business, operations, revenue or expenditure; and the proportion of company-wide facilities this represents

Country	River basin	Number of facilities exposed to water risk	Proportion of company-wide facilities that represents (%)	Comment
Turkey	Other: Gediz	6	1-5	As a local bank active all over the country, we have operations in all water basins of Turkey. These river basins have different index values with respect to Falkenmark Indicators and have different problems with respect to water including water availability, water contamination etc. Among these river basins, Gediz, Buyuk Menderes and Konya Kapali river basin carries the highest water risk which affects the Bank in terms of client potential. Our agricultural loan portfolio can be negatively affected extended to agriculture and industry in this region. (Turkey Water Risks Report, 2014)
Turkey	Other: Buyuk Menderes Havzasi	14	1-5	As a local bank active all over the country, we have operations in all water basins of Turkey. These river basins have different index values with respect to Falkenmark Indicators and have different problems with respect to water including water availability, water contamination etc. Among these river basins, Gediz, Buyuk Menderes and Konya Kapali river basin carries the highest water risk which affects the Bank in terms of client potential. Our agricultural

Country	River basin	Number of facilities exposed to water risk	of facilities that represents (%)	Proportion of company-wide facilities that represents (%)	of this	Comment
						loan portfolio can be negatively affected extended to agriculture and industry in this region. (Turkey Water Risks Report, 2014)
Turkey	Other: Konya Kapali Havzasi	11		1-5		As a local bank active all over the country, we have operations in all water basins of Turkey. These river basins have different index values with respect to Falkenmark Indicators and have different problems with respect to water including water availability, water contamination etc. Among these river basins, Gediz, Buyuk Menderes and Konya Kapali river basin carries the highest water risk which affects the Bank in terms of client potential. Our agricultural loan portfolio can be negatively affected extended to agriculture and industry in this region. (Turkey Water Risks Report, 2014)

W3.2b

For each river basin mentioned in W3.2a, please provide the proportion of the company's total financial value that could be affected by water risks

Country	River basin	Financial reporting metric	Proportion of chosen metric that could be affected	Comment
Turkey	Other: Gediz	Other: Loans	1-5	Our physical activities may be hampered due to water scarcity in this region. As a mitigation measure we are deploying water reservoirs for our employee's daily usage. On the other hand our loan portfolio can be negatively affected extended to agriculture and industry in this region. We closely monitor our customers carrying water risks in this river basin.
Turkey	Other: Buyuk Menderes Havzasi	Other: Loans	1-5	Our physical activities may be hampered due to water scarcity in this region. As a mitigation measure we are deploying water reservoirs for our employee's daily usage. On the other hand our loan portfolio can be negatively affected extended to agriculture and industry in this region. We closely monitor our customers carrying water risks in this river basin.
Turkey	Other: Konya Kapali Havzasi	Other: Loans	1-5	Our physical activities may be hampered due to water scarcity in this region. As a mitigation measure we are deploying water reservoirs for our employee's daily usage. On the other hand our loan portfolio can be negatively affected extended to agriculture and industry in this region. We closely monitor our customers carrying water risks in this river basin.

W3.2c

Please list the inherent water risks that could generate a substantive change in your business, operations, revenue or expenditure, the potential impact to your direct operations and the strategies to mitigate them

Country	River basin	Risk driver	Potential impact	Description of potential impact	Timeframe	Likelihood	Magnitude of potential financial impact	Response strategy	Costs of response strategy	Details of strategy and costs
Turkey	Other: Gediz basin; Antalya basin; Aras	Physical-Declining water quality	Higher operating costs	We need to provide sufficient amount of water with a certain	Unknown	Probable	Low	Develop flood emergency plans	We have invested around 2%	Any change in water availability or quality for the consumption of our

Country	River basin	Risk driver	Potential impact	Description of potential impact	Timeframe	Likelihood	Magnitude of potential financial impact	Response strategy	Costs of response strategy	Details of strategy and costs
	Basin,Susurluk basin, İç Anadolu basin; Sakarya basin; Marmara basin	Physical-Drought Physical-Flooding Physical-Inadequate infrastructure Physical-Increased water scarcity Physical-Increased water stress Physical-Projected water scarcity Physical-Projected water stress Physical-Rationing of municipal water supply		quality to our employees for their daily use (drinking, sanitation and cleaning). In addition to this, our facilities are exposed to flood risk at just a few of our locations.				Infrastructure investment Infrastructure maintenance Increased investment in new technology	of our CAPEX in 2016 to mitigate our water risks.	employees or any severe flooding activities may force us to invest more in our facilities' infrastructure. For example in order to ensure water availability for daily use, we have been deploying fresh water reservoirs to our facilities. In addition to this, we started constructing check valve systems to municipal sewage connection points to prevent flood in our branches. We are also investing in “water alarm” systems to protect our IT infrastructure in our facilities. On the other hand in many of our Bank facilities we also replaced taps with more efficient ones and installed photocell managed sanitation systems to use water more efficiently.

W3.2f

Please choose the option that best explains why you do not consider your organization to be exposed to water risks in your supply chain that could generate a substantive change in your business, operations, revenue or expenditure

Primary reason	Please explain
Evaluation in progress	As a service company we do not estimate any major risks from our suppliers. On the other hand, we started calculating our indirect water footprint beginning from 2014. We have included energy, paper and bottled water in the calculation. We have a plan to complete all our indirect water footprint in 2 years. With our biggest suppliers being paper, ink/toner, and bottled water suppliers, our Purchasing department aims to give priority to working with suppliers who are sustainable once quality and price evaluations are completed. However, as the topic of water risk and awareness is relatively new in Turkey, it is an issue that we have begun to follow more closely as of last year, and are open in the future to developing mechanisms and feedback tools to better understand our suppliers' water impact and risks.

Further Information

Page: W4. Water Opportunities

W4.1

Does water present strategic, operational or market opportunities that substantively benefit/have the potential to benefit your organization?

Yes

W4.1a

Please describe the opportunities water presents to your organization and your strategies to realize them

Country or region	Opportunity	Strategy to realize opportunity	Estimated timeframe	Comment
Company-wide	Climate change adaptation Increased brand value Sales of new products/services	We have provided our customers in all segments with our EKOcredi loans, which finances energy efficiency investments, especially in agriculture. We have a credit line called, EKOcredi Agriculture since 2009. The aim of this product is to introduce the idea of "efficiency" among farmers in the fields of energy and water through introduction of modern irrigation systems, solar panel systems, and organic greenhouses. To this end, we have provided different financial services and products to individual consumers as well as to more than 90 thousand people in all segments totaling in USD 220 million loans. Şekerbank funds 100% of modern irrigation systems in agriculture so that farming families increase their productivity via sustainable farming.	1-3 years	Through this strategy and the EKOcredi loan we have the opportunity to grow our business, broaden our line of products that finance and encourage environmental and water related awareness, and be a role model in the sector on issues related to sustainability. Thus, supporting and reaffirming our vision as a Bank that supports sustainable development.

Further Information

Module: Accounting

Page: W5. Facility Level Water Accounting (I)

W5.1

Water withdrawals: for the reporting year, please complete the table below with water accounting data for all facilities included in your answer to W3.2a

Facility reference number	Country	River basin	Facility name	Total water withdrawals (megaliters/year) at this facility	How does the total water withdrawals at this facility compare to the last reporting year?	Please explain
Facility 1	Turkey	Other: Gediz Havzası	Group of Şekerbank Branches and Other Buildings in Gediz River Basin (6)	0.91	Lower	5 branches in Gediz Basin merged with other branches in 2016.
Facility 2	Turkey	Other: Buyuk Menderes Havzası	Group of Şekerbank Branches and Other Buildings in Buyuk Menderes River Basin (14)	1.66	Higher	Şekerbank has conducted more detailed water risk analysis for its operations in 2016. This led an increase in the facility number and water consumption that are in the risks.

Facility reference number	Country	River basin	Facility name	Total water withdrawals (megaliters/year) at this facility	How does the total water withdrawals at this facility compare to the last reporting year?	Please explain
Facility 3	Turkey	Other: Konya Kapalı Havzası	Group of Şekerbank Branches and Other Buildings in Konya Kapalı River Basin (11)	1.46	Higher	Şekerbank has conducted more detailed water risk analysis for its operations in 2016. This led an increase in the facility number and water consumption that are in the risks.

Further Information

Please note that numbers in paranthesis in "Facility Name" column refer to number of facilities (branches, service buildings or regional headquarters) in that specific basin. You can find a summary of our analysis about Şekerbank's water consumption in the attached file.

Attachments

[W5.1. Şekerbank Water Consumption 2016.xlsx](#)

Page: W5. Facility Level Water Accounting (II)

W5.1a

Water withdrawals: for the reporting year, please provide withdrawal data, in megaliters per year, for the water sources used for all facilities reported in W5.1

Facility reference number	Fresh surface water	Brackish surface water/seawater	Rainwater	Groundwater (renewable)	Groundwater (non-renewable)	Produced/process water	Municipal water	Wastewater from another organization	Comment
Facility 1	0	0	0	0	0	0	0.91	0	
Facility 2	0	0	0	0	0	0	1.66	0	
Facility 3	0	0	0	0	0	0	1.46	0	

W5.2

Water discharge: for the reporting year, please complete the table below with water accounting data for all facilities included in your answer to W3.2a

Facility reference number	Total water discharged (megaliters/year) at this facility	How does the total water discharged at this facility compare to the last reporting year?	Please explain
Facility 1	0.91	Lower	5 branches in Gediz Basin are merged with other branches in 2016.
Facility 2	1.66	Higher	Şekerbank has conducted more detailed water risk analysis for its operations in 2016. This led an increase in the facility number and water consumption that are in the risks.
Facility 3	1.46	Higher	Şekerbank has conducted more detailed water risk analysis for its operations in 2016. This led an increase in the facility number and water consumption that are in the risks.

W5.2a

Water discharge: for the reporting year, please provide water discharge data, in megaliters per year, by destination for all facilities reported in W5.2

Facility reference number	Fresh surface water	Municipal/industrial wastewater treatment plant	Seawater	Groundwater	Wastewater for another organization	Comment
Facility 1	0	0.91	0	0	0	The amount of water discharge is estimated to be the same as withdrawal, as explained in W1.2. Water discharge is channelled through the municipality's network and treated in WTPs.
Facility 2	0	1.66	0	0	0	The amount of water discharge is estimated to be the same as withdrawal, as explained in W1.2. Water discharge is channelled through the municipality's network and treated in WTPs.
Facility 3	0	1.46	0	0	0	The amount of water discharge is estimated to be the same as withdrawal, as explained in W1.2. Water discharge is channelled through the municipality's network and treated in WTPs.

W5.3

Water consumption: for the reporting year, please provide water consumption data for all facilities reported in W3.2a

Facility reference number	Consumption (megaliters/year)	How does this compare to the last reporting year?	Please explain
Facility 1	0.91	Lower	5 branches in Gediz Basin merged with other branches in 2016.
Facility 2	1.66	Higher	Şekerbank has conducted more detailed water risk analysis for its operations in 2016. This led an increase in the facility number and water consumption that are in the risks.
Facility 3	1.46	Higher	Şekerbank has conducted more detailed water risk analysis for its operations in 2016. This led an increase in the facility number and water consumption that are in the risks.

W5.4

For all facilities reported in W3.2a what proportion of their water accounting data has been externally verified?

Water aspect	% verification	What standard and methodology was used?
Water withdrawals- total volumes	76-100	Şekerbank's total water withdrawal for HQ, Regional Offices and branches was verified within the scope of limited assurance under assurance standard ISO 14064-3:2006
Water withdrawals- volume by sources	76-100	Şekerbank's total water withdrawal for HQ, Regional Offices and branches was verified within the scope of limited assurance under assurance standard ISO 14064-3:2006
Water discharges- total volumes	Not verified	Currently Şekerbank does not measure its discharge since water discharge is not substantive for finance sector. However, Şekerbank may consider measuring and getting verification for our water discharge in the future.
Water discharges- volume by destination	Not verified	Currently Şekerbank does not measure its discharge since water discharge is not substantive for finance sector. However, Şekerbank may consider measuring and getting verification for our water discharge in the future.
Water discharges- volume by treatment method	Not verified	Currently Şekerbank does not measure its discharge since water discharge is not substantive for finance sector. However, Şekerbank may consider measuring and getting verification for our water discharge in the future.
Water discharge quality data- quality by standard effluent parameters	Not verified	Currently Şekerbank does not measure its discharge since water discharge is not substantive for finance sector. However, Şekerbank may consider measuring and getting verification for our water discharge in the future.

Water aspect	% verification	What standard and methodology was used?
Water consumption- total volume	76-100	Şekerbank's total water consumption for HQ, Regional Offices and branches was verified within the scope of limited assurance under assurance standard ISO 14064-3:2006

Further Information

Şekerbank's water verification statement can be found on the attachment.

Attachments

[Water Accounting_Şekerbank Verification Statement \(Final Draft\).pdf](#)

Module: Response

Page: W6. Governance and Strategy

W6.1

Who has the highest level of direct responsibility for water within your organization and how frequently are they briefed?

Highest level of direct responsibility for water issues	Frequency of briefings on water issues	Comment
Board of individuals/Sub-set of the Board or other committee appointed by the Board	Scheduled-annual	The Executive Vice President of Strategy and Corporate Communications coordinates water risk management throughout the year in collaboration with the Sustainable Development Banking Department and with cooperation from other departments such as Project Finance, FI. The EVP then reports the process to the CEO and Executive Chairman regularly.

W6.2

Is water management integrated into your business strategy?

Yes

W6.2a

Please choose the option(s) below that best explains how water has positively influenced your business strategy

Influence of water on business strategy	Please explain
Greater due diligence	We are giving higher importance in risk assessments of our branches that carry water related risks near basins with water stress and water scarcity. We are also trying to improve our abilities in understanding water related risks of run-off-river hydro power plant technologies and making water availability analyses in these projects. In addition to this, due to our special focus in agriculture, we closely monitor our loans to agriculture with a water risk perspective, and we also encourage our farmers to take advantage of EKOkredi loans to build modern irrigation systems and organic greenhouses, as well as solar panels, which will help to protect against the affects of climate and water stress and increase their efficiency, productivity and yields. Similarly, as we continue to collect more internal knowledge about our facilities water risk and water networks, we can design better trainings to raise further awareness on this issue. New trainings can complement the CDP water and water footprint trainings realized in 2016.
Water resource considerations are factored into new product development	We design our new products to certain market segments like agriculture in line with water. For example, some of our loan products to farmers are specifically designed for water efficiency in irrigations systems. This is in line with our strategy to further sustainability issues in our bank and to be the leading bank in this field. Our latest initiative regarding water efficiency in agriculture is the product group called "Family Farming Banking". In this product group, Şekerbank provides loans with favorable terms (longer repayment, 100% financing of the investment, and repayment in harvest periods) to farmers investing in modern and efficient irrigation systems.

Influence of water on business strategy	Please explain
Exploration of water valuation practices	In May 2015, we launched the ‘Young Generations Project’ and organized events to introduce students to the banking sector at various universities. As a bank with a focus on sustainable agriculture, we have carried out all-day career activities with over 250 students at 9 different universities on the topics of agriculture, economics and management sciences. The events included a workshop and competition in which the students prepared projects on agricultural banking products. They presented their projects to a committee of the Bank employees and some of them hired to work with Şekerbank. In 2017, we are planning to organize the event on sustainable agriculture and water scarcity.

W6.2b

Please choose the option(s) below that best explains how water has negatively influenced your business strategy

Influence of water on business strategy	Please explain
Other: Water shortages and poor water quality	Water shortages and poor water quality in some areas where our branches are located have caused our employees distress and affected the hygiene and quality of our office environments, and as a result affected customers who visit the branch. To reduce the impact of shortages and improve water quality and availability we have invested and placed water reservoirs in all our branches. In this way we have been able to serve our customers and provide our employees with standard WASH services at all times. In addition we have increased our monitoring of local water problems that can affect our business.

W6.3

Does your organization have a water policy that sets out clear goals and guidelines for action?

Yes

W6.3a

Please select the content that best describes your water policy (tick all that apply)

Content	Please explain why this content is included
Company-wide Performance standards for direct operations Commitment to customer education Incorporated within group environmental, sustainability or EHS policy Acknowledges the human right to water, sanitation and hygiene	Financing agriculture and rural development is a founding mission of Şekerbank. We aim at being a leading bank in financing sustainable development through expanding awareness on energy efficiency not only in metropolitan societies but also in rural and unbanked communities, which are estimated to be 30% of the bankable population in Turkey. We stand out with our broad-based loan portfolio in off-center areas especially in micro&small businesses and agriculture. Therefore all sustainability issues including water are an important part of our business strategy. We have taken into consideration how renewable energy projects and water intensive industries affect the environment through our loan processes. As a part of our risk management policy we need to closely monitor all major risk classes of our loan portfolio. Therefore, we monitor our clients’ water risks as well. On the other hand, we also feel responsible to educate our customers about ways to mitigate their risks. For example, we have so far visited more than 15,000 villages and 360,000 farmers since 2009 with an attempt to introduce our products and in the meantime the efficiency concept. Until now we have introduced efficiency loans to 7,312 farmers and provided almost USD 18.6 million in financing in this field under its EKO kredi Agriculture product as of end of 2016. On the other hand, Şekerbank also cares about its employees’ health and hygiene and tries to meet highest standards at its facilities.

W6.4

How does your organization's water-related capital expenditure (CAPEX) and operating expenditure (OPEX) during the most recent reporting year compare to the previous reporting year?

Water CAPEX (+/- % change)	Water OPEX (+/- % change)	Motivation for these changes
+0.0	+13	Municipality water unit price has increased 13% in 2016.

Further Information

Page: W7. Compliance

W7.1

Was your organization subject to any penalties, fines and/or enforcement orders for breaches of abstraction licenses, discharge consents or other water and wastewater related regulations in the reporting year?

No

Further Information

Page: W8. Targets and Initiatives

W8.1

Do you have any company wide targets (quantitative) or goals (qualitative) related to water?

Yes, targets and goals

W8.1a

Please complete the following table with information on company wide quantitative targets (ongoing or reached completion during the reporting period) and an indication of progress made

Category of target	Motivation	Description of target	Quantitative unit of measurement	Base-line year	Target year	Proportion of target achieved, % value
Improvement in monitoring of water use	Cost savings	As part of our initiative to better monitor our carbon and water footprints we have developed a comprehensive database to monitor and track consumption in these areas. The project design phase has began in 2015 and completed in June 2016 with a goal to decrease water consumption per employee by 2% in the following 5 years period.	% reduction per employee	2014	2019	100%

W8.1b

Please describe any company wide qualitative goals (ongoing or reached completion during the reporting period) and your progress in achieving these

Goal	Motivation	Description of goal	Progress
Educate customers to help them minimize product impacts	Sales of new products/services	Şekerbank has an ongoing program where we are visiting villages located in rural areas. We have so far visited 15,000 villages and contacted more than 360,000 farmers since 2009. We are planning to give information about climate change, water problem and mitigations/adaptation methods to farmers in these visits in order to increase awareness in these fields. The progress target is based on number of villages, and will be reconsidered and updated according to future trend of village populations.	72%
Sustainable agriculture	Increased revenue	We are the one of the leading domestic privately owned bank that is active in financing agriculture in Turkey having one of the widest exposures to agriculture with the broad-based branch network. We aim to sustain this leadership in upcoming years with a further focus on sustainable agriculture.	Ongoing
Other: Increase internal knowledge	Cost savings	We developed a 3 year plan where we will be calculating our entire water footprint including our indirect water consumption. To this end we calculated our water footprint due to paper, bottled water and energy consumptions this year. Since 2015, we have	66%

Goal	Motivation	Description of goal	Progress
		began to reduce our office consumables like bottled water, office stationery and invested in a database system to monitor our water footprint.	

Further Information

Module: Linkages/Tradeoff

Page: W9. Managing trade-offs between water and other environmental issues

W9.1

Has your organization identified any linkages or trade-offs between water and other environmental issues in its value chain?

Yes

W9.1a

Please describe the linkages or trade-offs and the related management policy or action

Environmental issues	Linkage or trade-off	Policy or action
Climate Change	Linkage	Our financial product called EKOkredi aims to target increasing efficiency in farming practices in Turkey. Our product also helps combating against climate change through increased energy efficiency in agriculture. We have calculated that the emission reduction achieved through our all EKOkredi products is around 5.7 million tones CO2 as of end of 2016.
Carbon Management	Trade-off	All our facilities use air conditioning units to maintain the temperature of the office environment and our IT systems rooms. However, to maintain these temperatures across all banking branches as well as the head and regional offices requires a lot of energy consumption and indirect (more water consumption per employee / customer because of high temperatures water use by the air conditioning units.) Last year, in order to reduce energy consumption and thereby indirect water use, we have upgraded 229 AC units to models that are more energy efficient (A+ and A++ models).
Water Scarcity	Linkage	As mentioned before, the Küçük Menderes river basin is considered as a water risk area around which many of our branches and our Ege Regional office is located. Ege Regional offices' water consumption was high on previous year. So we conducted an analysis in order to assess the reasons behind. Our analysis showed that the infrastructure of the building is old and causes leakages. So we updated the infrastructure of the building. With the new infrastructure we achieved 81% water efficiency in 2016.

Further Information

Module: Sign Off

Page: Sign Off

W10.1

Please provide the following information for the person that has signed off (approved) your CDP water response

Name	Job title	Corresponding job category
Aybala Şimşek	Executive Vice President of Strategy and Corporate Communications	Other: Executive Vice President

W10.2

Please indicate that your organization agrees for CDP to transfer your publicly disclosed data regarding your response strategies to the CEO Water Mandate Water Action Hub.

Note: Only your responses to W1.4a (response to impacts) and W3.2c&d (response to risks) will be shared and then reviewed as a potential collective action project for inclusion on the WAH website.

By selecting Yes, you agree that CDP may also share the email address of your registered CDP user with the CEO Water Mandate. This will allow the Hub administrator to alert your company if its response data includes a project of potential interest to other parties using water resources in the geographies in which you operate. The Hub will publish the project with the associated contact details. Your company will be provided with a secure log-in allowing it to amend the project profile and contact details.

Yes

Further Information

CDP: [X][-,][P2]

